



BUDGET COMPARISONS

INTRODUCTION

The purpose of this section is to present budget comparisons in different ways to give the reader various perspectives of the action taken by the 2005 Legislature. In the following pages, the 2007 biennium budget is summarized in ways that reflect the actions of the legislature relative to previous actions or benchmarks. These are discussed in three parts:

- Comparison to Executive Budget – reports how the budget adopted by the legislature compares to (differs from) the budget submitted by the Governor at the beginning of the session.
- Biennial Budget Comparisons – shows how the approved 2007 biennium budget compares to the expenditures of the 2005 biennium (the expenditures of the 2005 biennium are FY 2004 actual expenditures and adjusted appropriations for FY 2005).
- Agency Budget Comparisons by Fund – compares the 2007 biennium budget to fiscal 2004 expenditures and fiscal 2005 adjusted appropriations, except that this comparison is presented by fund for each agency of state government.

COMPARISON TO EXECUTIVE BUDGET

The 2007 biennium budget established by the legislature in HB 2 and HB 447 is \$63.5 million general fund and \$64.7 million total funds higher than the amount recommended by Governor Schweitzer as published in January 2005. Figure 1 graphically shows the differences. However, please note that Figure 1 includes the impact of the 2007 biennium pay plan. The pay plan was proposed by Governor Schweitzer, but not incorporated into agency budgets at the time of publication. If the pay plan is excluded, the total difference in general fund is less than 1.1 percent.

Figure 1

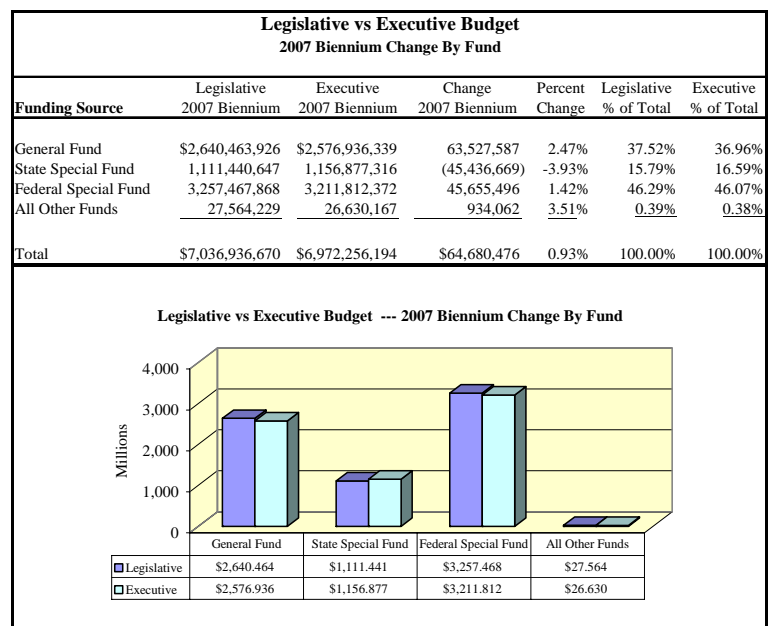


Figure 2 highlights the major differences between the executive budget as published and legislative appropriations. The agency narratives in Volumes 3 and 4 include a detailed discussion of differences between the proposed executive budget and the 2007 biennium appropriations for each agency.

The following provides a brief discussion of the major differences in four primary program areas: 1) K-12 education; 2) human services; 3) corrections; and 4) transportation.

K-12 EDUCATION

The legislative budget reflects both new initiatives by the legislature, and the adoption of initiatives brought by the executive subsequent to the publishing of the budget on January 7. The legislature added the following:

- Three year averaging of enrollments for purposes of determining ANB
- An increase in entitlement per both elementary and high school students

HUMAN SERVICES

The difference between the executive budget and the budget adopted by the legislature is due to a number of changes. Among the most notable are:

- The legislature began a number of new initiatives, including direct care worker wage increases, service and eligibility expansion, funding switches to increase monthly cash assistance levels, provider rate increases, and staff and operating costs to either enhance revenue or increase efficiency and appropriate use of funds
- The Governor did not include any matching funds for I-149 initiatives, and had not included all provider rate increases due to the passage of SB 120, which maintained and increased the provider taxes used to match additional federal funds
- The Governor had proposed additional general fund to supplement the low income energy assistance program that was not approved
- Medicaid and other program costs were updated as the session progressed

Figure 2

Major Differences from the Executive
HB 2 and HB 447 - 2007 Biennium
in Millions

Agency	Component	Gen Fund Over (Und) Exec	All Funds Over (Und) Exec
General or Statewide			
	HB 447 Pay Plan	\$36.0	\$70.3
Judiciary			
	Transfer to Public Defender	(8.1)	(8.1)
Governor's Office			
	Various Initiatives Not Funded or Reduced	(1.4)	(1.8)
State Auditor			
	Health Insurance Programs		12.8
Transportation			
	Change in Construction Estimates		(15.4)
	Transfer Highway 93 to HB 5		(93.0)
Revenue			
	Move Request for IRIS Payoff to FY05	(2.1)	(2.1)
	Reduce Ag/Forest Land Reappraisal	(0.8)	(0.8)
Administration			
	Various Reductions/Transfer of Consumer Protection Ofc	(0.7)	(4.4)
Office of Public Defender			
	Create New Office	14.7	14.7
Health & Human Services			
	Legislative Initiatives	7.0	21.0
	Updated Medicaid	2.0	6.0
	Hospital Bed Tax		23.0
	Matching Funds for I-149		26.0
	Reduction in LIEAP Funding	(7.4)	(7.4)
	Additional Food Stamps		10.0
Fish, Wildlife, Parks			
	Hunting Access Enhancement Program		6.9
	Miscellaneous Incentives		2.0
Environmental Quality			
	No Hazardous Waste Study/Pass Meth Cleanup Bill	(1.7)	(1.7)
	Hard Rock Bond Forfeits/MEPA EIS Fees		(22.6)
	Various Reductions		(2.6)
DNRC			
	Expedite Water Adjudication		3.8
	Initial Fire Attack	2.0	2.0
Justice			
	Funding Switch	1.5	0.1
	Accounting and Reporting System	(1.1)	(0.4)
	Other and Various Elected Official Requests	2.0	4.2
Corrections			
	Offender Tracking System	(1.6)	(1.6)
	Increased Per Diem	1.5	1.5
	Decreased Contract Beds	(7.2)	(7.2)
	Pre-Release/MSP Expansion	11.9	11.9
OPI			
	3 Yr Avg/Entitlement Increase	19.5	19.5
University System			
	Various	(1.5)	(1.5)
Net Other		(0.9)	(0.4)
	Total	<u>\$63.5</u>	<u>\$64.7</u>

CORRECTIONS

The legislature approved most of the executive proposals and added \$10.7 million in additional funding to cover projected increases in the adult average daily populations (ADP) of about 4.5 percent in each fiscal year of the biennium. The legislature was not in favor of expanding the private prison in Shelby nor the regional county-managed prisons in Missoula, Great Falls, and Glendive as proposed by the executive. The legislature preferred that any increases in ADP be handled by arranging for additional pre release facilities, development of a revocation center at the Montana State Prison, and development of a special needs facility for inmates that have physical or mental health issues, such as drug problems, sex offenders, or who are elderly. In addition and at the request of the executive, the legislature did not fund an offender tracking system.

TRANSPORTATION

The difference between the legislative budget and the budget proposed by the executive is primarily due to two factors:

- The construction plan was updated by the executive to reflect anticipated activities during the biennium
- The legislature chose to provide appropriations authority for highway 93 bonding in HB 5, rather than HB 2, due to the long-term bonding nature of the project

OTHER MAJOR DIFFERENCES

The primary other differences between the published executive budget and the legislative budget are the following:

- The legislature established an Office of the Public Defender to provide consistent, quality legal services for indigent persons
- The legislature provided additional funding to expedite the water adjudication process
- Contingent authority for hard rock mining bonding was eliminated, as the budget amendment process can be used
- The hunting access management program was continued
- The legislature included funding from I-149 revenues for HB 667, which provides for tax credits to implement two health insurance programs for small businesses, in the State Auditor's Office

BIENNIAL BUDGET COMPARISON

This section summarizes the legislature's budget for the 2007 biennium and compares it to expenditures/appropriations for the 2005 biennium.

The legislature's 2007 biennium budget includes an additional \$344 million general fund, a 13 percent increase. Total approved increases (all funds) amount to \$824 million, a 12 percent increase. The general fund and total spending increases are supported by existing sources of revenue, with the large general fund and federal increases being indicative of substantial general fund and federal revenue increases estimated for the 2007 biennium. Transfers, including the one-time transfers of general fund, are not included as required by the statutory comparison methodology.

METHODOLOGY

The state budget is highly complex, and the methods used to compute comparisons within the context of that budget can vary considerably. Without consistent comparison methodology, the comparisons can also be subject to manipulation. The Legislative Finance Committee (LFC) developed a budget comparison methodology that measures budget performance using total state expenditures for state general operations funded by taxpayer taxes, licenses, and fees. This method helps ensure proper representation, fairness, balance, and consistency. Adopted by the 1997 legislature, use of the comparison procedures became a statutory requirement at that time. These procedures provide consistency of application and help avoid the potential for manipulation when comparing information.

The comparisons on the following pages were prepared using the statutory methodology found in 17-7-150 & 151, MCA.

COMPARISON TO 2005 BIENNIUM

Figures 3 and 4 compare expenditures/appropriations between the 2005 and 2007 biennia for general fund and total funds. As shown in the figures, the largest HB 2 general fund increases are found in the Department of Public Health and Human Services (DPHHS) (\$104 million), Office of Public Instruction (\$86 million), Commissioner of Higher Education (\$36 million), and the Department of Corrections (\$34 million). However, the largest increases in percentage terms occur in the departments of Commerce, Administration, Montana Arts Council, and Labor and Industry.

Figures 3 and 4 are divided into three sections:

- The top part of the table includes by agency all appropriations included in HB 2 (the General Appropriations Act) and pay plan appropriations in HB 447 to specific agencies.
- Because HB 2 and HB 447 do not include all appropriations authorized by the legislature, the second part of the table includes additional appropriations. This section is referred to as "Comparable Adjustments" because the items can be compared across biennia. The total shown in the "Total Legislative Budget Fiscal 06-07" (the 2007 biennium) column represents all appropriations made by the legislature, with the exception of the non-cash portion of long-range building program, budget amendments, supplemental appropriations, and emergency appropriations. Transfers are not included. Long-range building proposals are specifically excluded because spending and timing vary considerably on most building projects. The building expenditures are reflected by the debt service paid over the term of any bonding/leasing agreement. Statutory appropriations represent the executive estimates for non-general fund. General fund statutory appropriations are Legislative Fiscal Division estimates.

All statutory appropriations have been adjusted for new and revised statutory appropriations made by the 2005 legislature. (Note: The total in the "Total Adjusted Fiscal 04-05" (the 2005 biennium) column does not represent all contingent appropriations in that biennium, which are included in the third section.)

- The third section, "Non Comparable Adjustments", includes all 2005 biennium expenditure/appropriations, including budget amendments, supplemental appropriations, and disaster/emergency costs that cannot be estimated for the next biennium. Excluded from the "Comparable Adjustments" total are probable 2007 biennium expenditures that belong in this category. Consequently, the increases of 11.0 percent for general fund and 7.7 percent for total funds do not represent a true picture of potential growth between biennia.

House Bill 2 Comparisons

As shown in Figures 3 and 4, general fund appropriations in HB 2 increase \$342.7 million or 14.9 percent. All funds increase \$831.6 million or 13.4 percent, with \$118 million of increases in state special revenue and \$370 million in federal special revenue. These are primarily due to additional state special appropriations in the Department of Public Health and Human Services (\$92 million) and the State Auditor's Office (\$14 million), and additional federal funds appropriations in DPHHS (\$306 million), K-12 Education (\$20 million), and the Department of Environmental Quality (\$15 million).

Appropriation increases are summarized in the "Appropriations Summary" section of this volume, page 69, and are detailed in the narratives of the specific agencies in Volumes 3 and 4.

Comparable Adjustments

Comparable adjustments include HB 2 appropriations, all miscellaneous appropriation bills including the employee pay plan bill, statutory appropriations, and other appropriation and expenditure adjustments. The legislature increased general fund appropriations for the 2007 biennium by \$344 million as compared to the 2005 biennium, an increase of 13.4 percent. The increase in total all funds spending over comparable 2005 biennium spending is \$824 million, or 12.0 percent.

Non-Comparable Adjustments

Non-comparable Adjustments, the third section, shows increases of 11.0 percent general fund and 7.7 percent total funds between biennia. As stated earlier, this comparison tends to be distorted by the lack of comparable information for the 2007 biennium. This section and these comparisons are shown for informational purposes only and to complete the listing of 2005 biennium expenditures\appropriations.

Figure 3

General Fund Comparison
2005 Biennium Versus Legislative Budget 2007 Biennium

Agcy Code	Agency Name	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 2007 Biennium - 2005 Biennium	% Change 2007 Biennium 2005 Biennium
1104	Legislative Branch	\$16,106,258	\$17,206,756	\$1,100,498	6.83%
2110	Judicial Branch	58,541,313	69,219,770	10,678,457	18.24%
3101	Governor's Office	8,818,012	11,442,825	2,624,813	29.77%
3202	Commissioner Of Political Practices	632,890	737,907	105,017	16.59%
3401	State Auditor's Office	0	0	0	NA
3501	Office Of Public Instruction	1,028,977,504	1,115,460,655	86,483,151	8.40%
4107	Crime Control Division	3,274,487	3,508,906	234,419	7.16%
4110	Department Of Justice	37,469,684	44,750,130	7,280,446	19.43%
4201	Public Service Regulation	0	0	0	NA
5101	Board Of Public Education	305,290	344,511	39,221	12.85%
5102	Commissioner Of Higher Education	277,986,004	314,315,075	36,329,071	13.07%
5113	School For The Deaf & Blind	6,916,681	9,116,506	2,199,825	31.80%
5114	Montana Arts Council	576,604	901,559	324,955	56.36%
5115	Montana State Library	3,214,435	3,547,622	333,187	10.37%
5117	Montana Historical Society	3,481,698	4,195,808	714,110	20.51%
5301	Department Of Environmental Quality	6,217,300	8,691,845	2,474,545	39.80%
5603	Department Of Livestock	1,054,263	1,236,176	181,913	17.25%
5706	Dept Of Natural Resources & Conservation	34,320,252	39,721,078	5,400,826	15.74%
5801	Department Of Revenue	56,348,979	77,781,743	21,432,764	38.04%
6101	Department Of Administration	6,912,919	11,506,358	4,593,439	66.45%
6102	Appellate Defender	373,462	216,959	(156,503)	-41.91%
6106	Mt Consensus Council	0	137,869	137,869	NA
6108	Office Of The Public Defender	0	14,661,846	14,661,846	NA
6201	Department Of Agriculture	1,226,366	1,562,496	336,130	27.41%
6401	Department Of Corrections	210,647,987	244,693,798	34,045,811	16.16%
6501	Department Of Commerce	3,149,336	7,990,127	4,840,791	153.71%
6602	Department Of Labor & Industry	2,353,932	3,350,693	996,761	42.34%
6701	Department Of Military Affairs	8,306,330	9,610,923	1,304,593	15.71%
6901	Dept Of Public Health & Human Services	<u>520,511,199</u>	<u>624,553,985</u>	<u>104,042,786</u>	<u>19.99%</u>
	Total	\$2,297,723,185	\$2,640,463,926	\$342,740,741	14.92%
Comparable Adjustments					
	Employee Pay Proposal	In Above	In Above		
	Statutory Appropriations	255,227,183	269,320,830	14,093,647	5.52%
	Legislative Session Costs *	7,658,335	10,150,000	2,491,665	32.54%
	Miscellaneous Appropriations	35,666,939	5,024,898	(30,642,041)	-85.91%
	One-Time Only Costs	4,879,830		(4,879,830)	-100.00%
	Anticipated Reversions	(26,549,000)	(6,243,000)	20,306,000	-76.48%
	Total With Comparable Adjustments	\$2,574,606,472	\$2,918,716,654	\$344,110,182	13.37%
Non Comparable Adjustments					
	Budget Amendments	0		0	
	Supplementals	55,253,302		(55,253,302)	-100.00%
	Disaster/Emergency Costs (SA)	33,760	0	(33,760)	-100.00%
	Total With All Adjustments	\$2,629,893,534	\$2,918,716,654	\$288,823,120	10.98%
* Reversions of \$3,154,812 and \$3,150,000 are expected in the 2005 and 2007 biennia, respectively.					

Figure 4

All Funds Comparison
2005 Biennium Versus Legislative Budget 2007 Biennium

Agcy Code	Agency Name	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 2007 Biennium - 2005 Biennium	% Change 2007 Biennium 2005 Biennium
1104	Legislative Branch	\$20,164,335	\$21,372,792	\$1,208,457	5.99%
1112	Consumer Council	2,645,816	2,873,505	227,689	8.61%
2110	Judicial Branch	64,828,673	73,767,256	8,938,583	13.79%
3101	Governor's Office	21,383,896	11,668,645	(9,715,251)	-45.43%
3201	Secretary Of State's Office	0	11,026,465	11,026,465	NA
3202	Commissioner Of Political Practices	632,890	737,907	105,017	16.59%
3401	State Auditor's Office	9,429,943	23,350,763	13,920,820	147.62%
3501	Office Of Public Instruction	1,309,165,538	1,415,916,924	106,751,386	8.15%
4107	Crime Control Division	27,583,033	30,904,990	3,321,957	12.04%
4110	Department Of Justice	107,919,840	118,802,120	10,882,280	10.08%
4201	Public Service Regulation	5,943,474	5,953,762	10,288	0.17%
5101	Board Of Public Education	649,375	747,623	98,248	15.13%
5102	Commissioner Of Higher Education	391,504,387	435,373,210	43,868,823	11.21%
5113	School For The Deaf & Blind	7,793,250	9,887,740	2,094,490	26.88%
5114	Montana Arts Council	2,093,201	2,529,941	436,740	20.86%
5115	Montana State Library	7,267,048	7,672,738	405,690	5.58%
5117	Montana Historical Society	7,731,532	8,066,797	335,265	4.34%
5201	Department Of Fish, Wildlife & Parks	107,793,794	128,613,537	20,819,743	19.31%
5301	Department Of Environmental Quality	114,755,361	117,788,714	3,033,353	2.64%
5401	Department Of Transportation	1,133,065,121	1,117,548,395	(15,516,726)	-1.37%
5603	Department Of Livestock	16,748,481	17,037,162	288,681	1.72%
5706	Dept Of Natural Resources & Conservation	72,081,283	90,442,055	18,360,772	25.47%
5801	Department Of Revenue	65,985,149	84,058,809	18,073,660	27.39%
6101	Department Of Administration	34,171,013	41,363,169	7,192,156	21.05%
6102	Appellate Defender	373,462	216,959	(156,503)	-41.91%
6106	Mt Consensus Council	513,141	649,931	136,790	26.66%
6108	Office Of The Public Defender	0	14,661,846	14,661,846	NA
6201	Department Of Agriculture	22,354,505	28,307,268	5,952,763	26.63%
6401	Department Of Corrections	217,073,483	252,228,747	35,155,264	16.20%
6501	Department Of Commerce	38,107,439	50,356,950	12,249,511	32.14%
6602	Department Of Labor & Industry	127,113,412	139,340,383	12,226,971	9.62%
6701	Department Of Military Affairs	33,642,734	37,036,762	3,394,028	10.09%
6901	Dept Of Public Health & Human Services	<u>2,234,800,021</u>	<u>2,736,632,805</u>	<u>501,832,784</u>	<u>22.46%</u>
Total		\$6,205,314,630	\$7,036,936,670	\$831,622,040	13.40%
Comparable Adjustments					
	Employee Pay Proposal	In Above	In Above		
	Statutory Appropriations	637,082,916	642,527,800	5,444,884	0.85%
	Legislative Session Costs	7,658,335	10,150,000	2,491,665	32.54%
	Miscellaneous Appropriations *	35,666,939	5,024,898	(30,642,041)	-85.91%
	One-Time Only Costs (general fund)	4,879,830	0	(4,879,830)	-100.00%
	Anticipated Reversions (general fund)	(26,549,000)	(6,243,000)	20,306,000	-76.48%
	Total With Comparable Adjustments	\$6,864,053,650	\$7,688,396,368	\$824,342,718	12.01%
Non Comparable Adjustments					
	Budget Amendments	220,194,215	240,000	(219,954,215)	-99.89%
	Supplementals	55,253,302		(55,253,302)	-100.00%
	Disaster/Emergency Costs (SA)	33,760	0	(33,760)	-100.00%
	Total With All Adjustments	\$7,139,534,927	\$7,688,636,368	\$549,101,441	7.69%

* Only the general fund portion is shown. All funds cannot be determined based on existing accounting records.

AGENCY BUDGET COMPARISONS BY FUND

The following series of tables provides, by fund type, a comparison of the 2005 biennium to the 2007 biennium agency appropriations. The 2005 biennium figures are comprised of the adjusted base fiscal 2004 actual expenditures and the adjusted fiscal 2005 appropriations. The 2007 biennium figures are agency appropriations contained in HB 2 (the General Appropriations Act) and HB 447, the pay plan bill (with the exception of contingency funds). Amounts for each fiscal year are shown, as well as combined biennium appropriations and the biennial difference. The final table shows the agency comparison for all funds.

GENERAL FUND

As defined in 17-2-102, MCA, the general fund “accounts for all financial resources except those required to be accounted for in another fund.” The general fund funds the general operations of state government.

General fund increases by \$342.7 million, or almost 15 percent compared to the 2005 biennium. Two areas, public health and K-12 education, account for over half of this increase. The largest increases include:

- K-12 education for inflationary adjustments, 3-year averaging of enrollment for entitlement calculation purposes, an increase in entitlement payments for both elementary and high school students, and increases to several other payments to schools such as special education
- Within human services, replacement of federal funding due to a reduction in the federal Medicaid participation rate, caseload and utilization increases (primarily Medicaid), service expansions, provider and direct care worker rate increases, and increased institutional costs
- Measures to address increasing corrections populations, including additional probation and parole officers, a revocation center, and services and facilities for special needs inmates
- Several initiatives in higher education, including expanded community and Tribal college support, “shared leadership” initiatives, student financial assistance, and an increase in the level of general fund used to fund several present law adjustments to reduce tuition increases
- The 2007 biennium pay plan
- Computer systems, including funding replacement

Figure 5 General Fund Comparison 05 Biennium Versus Legislative Budget 07 Biennium									
Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2004	Adjusted Authorized Fiscal 2005	Total Leg. Budget Fiscal 2006	Total Leg. Budget Fiscal 2007	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 07 Biennium - 05 Biennium	% Change 05 Biennium 07 Biennium
1104	Legislative Branch	\$7,055,185	\$9,051,073	\$8,404,793	\$8,801,963	\$16,106,258	\$17,206,756	\$1,100,498	6.83%
2110	Judicial Branch	31,031,278	27,510,035	38,649,709	30,570,061	58,541,313	69,219,770	10,678,457	18.24%
3101	Governor's Office	4,226,670	4,591,342	5,687,067	5,755,758	8,818,012	11,442,825	2,624,813	29.77%
3202	Commissioner Of Political Practices	309,317	323,573	369,748	368,159	632,890	737,907	105,017	16.59%
3401	State Auditor's Office	0	0	0	0	0	0	0	
3501	Office Of Public Instruction	514,085,061	514,892,443	556,051,049	559,409,606	1,028,977,504	1,115,460,655	86,483,151	8.40%
4107	Crime Control Division	1,623,752	1,650,735	1,740,180	1,768,726	3,274,487	3,508,906	234,419	7.16%
4110	Department Of Justice	18,499,006	18,970,678	22,269,533	22,480,597	37,469,684	44,750,130	7,280,446	19.43%
4201	Public Service Regulation	0	0	0	0	0	0	0	
5101	Board Of Public Education	141,309	163,981	170,637	173,874	305,290	344,511	39,221	12.85%
5102	Commissioner Of Higher Education	140,778,703	137,207,301	154,840,363	159,474,712	277,986,004	314,315,075	36,329,071	13.07%
5113	School For The Deaf & Blind	3,408,893	3,507,788	4,485,335	4,631,171	6,916,681	9,116,506	2,199,825	31.80%
5114	Montana Arts Council	286,250	290,354	510,593	390,966	576,604	901,559	324,955	56.36%
5115	Montana State Library	1,497,806	1,716,629	1,886,237	1,661,385	3,214,435	3,547,622	333,187	10.37%
5117	Montana Historical Society	1,715,418	1,766,280	2,104,888	2,090,920	3,481,698	4,195,808	714,110	20.51%
5301	Department Of Environmental Quality	3,053,744	3,163,556	4,301,439	4,390,406	6,217,300	8,691,845	2,474,545	39.80%
5603	Department Of Livestock	521,303	532,960	608,827	627,349	1,054,263	1,236,176	181,913	17.25%
5706	Dept Of Natural Resources & Conservation	16,825,529	17,494,723	19,634,356	20,086,722	34,320,252	39,721,078	5,400,826	15.74%
5801	Department Of Revenue	29,279,359	27,069,620	39,459,785	38,321,958	56,348,979	77,781,743	21,432,764	38.04%
6101	Department Of Administration	3,362,558	3,550,361	7,445,287	4,061,071	6,912,919	11,506,358	4,593,439	66.45%
6102	Appellate Defender	186,615	186,847	216,959	0	373,462	216,959	(156,503)	-41.91%
6106	Mt Consensus Council	0	0	69,040	68,829	0	137,869	137,869	
6108	Office Of The Public Defender	0	0	527,729	14,134,117	0	14,661,846	14,661,846	
6201	Department Of Agriculture	598,135	628,231	854,055	708,441	1,226,366	1,562,496	336,130	27.41%
6401	Department Of Corrections	104,019,287	106,628,700	119,979,729	124,714,069	210,647,987	244,693,798	34,045,811	16.16%
6501	Department Of Commerce	1,565,311	1,584,025	3,964,787	4,025,340	3,149,336	7,990,127	4,840,791	153.71%
6602	Department Of Labor & Industry	1,155,525	1,198,407	1,642,091	1,708,602	2,353,932	3,350,693	996,761	42.34%
6701	Department Of Military Affairs	4,111,558	4,194,772	4,794,350	4,816,573	8,306,330	9,610,923	1,304,593	15.71%
6901	Dept Of Public Health & Human Services	248,448,589	272,062,610	310,698,339	313,855,646	520,511,199	624,553,985	104,042,786	19.99%
Total		\$1,137,786,161	\$1,159,937,024	\$1,311,366,905	\$1,329,097,021	\$2,297,723,185	\$2,640,463,926	\$342,740,741	14.92%

STATE SPECIAL REVENUE

As defined in 17-2-102, MCA, the state special fund “consists of money from state and other non-federal sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and money from other non-state or non-federal sources that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.”

State special revenue increases by \$118.4 million, or 11.9 percent, over the 2005 biennium. This increase is the net of several increases and decreases, with human services dominating the increases. The main factors causing the net change in the Department of Public Health and Human Services are the following:

- Expenditure of funds generated from the passage of I-149 in November, 2004 for various health initiatives, including provider rate increases; Medicaid service, mental health, and children's health insurance expansions; and new programs to expand prescription drug and other health insurance coverage
- Appropriation of tobacco settlement proceeds that were one-time expenditures in the 2005 biennium and consequently removed from the FY 2004 base year expenditure totals
- An increase in the voluntary hospital and nursing home bed tax, which is used to match additional federal funds to increase provider rates

In other areas of government, increased funds are due to:

- Increases in professional and occupational board activity in the Department of Labor and Industry, primarily due to changes in legislation to regulate certain independent contractors, as well as a number of smaller changes throughout the agency
- Reestablishment of the hunter access program in the Department of Fish, Wildlife, and Parks, as well as other increased activity
- Establishment of tax credits for small employer health insurance in the Office of the State Auditor

These increases were partially offset by:

- A net reduction in the Department of Transportation due to the transfer of funding for Highway 93 bonding to HB 5, increased construction activity, partially offset by:
- Elimination of contingent hard rock reclamation bonding and MEPA authority in the Department of Environmental Quality, as budget amendment authority can be used as necessary
- Replacement of new worker training funds funded by INTERCAP loan proceeds with general fund in the Governor's Office (transferred to the Department of Commerce)
- A reduction in anticipated fees in the Judiciary for information technology, as the fees will now be deposited in the general fund

Figure 6
State Special Revenue Fund Comparison
05 Biennium Versus Legislative Budget 07 Biennium

Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2004	Adjusted Authorized Fiscal 2005	Total Leg. Budget Fiscal 2006	Total Leg. Budget Fiscal 2007	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 07 Biennium - 05 Biennium	% Change 05 Biennium
1104	Legislative Branch	\$2,091,476	\$1,966,601	\$2,377,645	\$1,788,391	\$4,058,077	\$4,166,036	\$107,959	2.66%
1112	Consumer Council	1,297,083	1,348,733	1,422,501	1,451,004	2,645,816	2,873,505	227,689	8.61%
2110	Judicial Branch	2,378,886	3,563,163	1,555,975	1,599,376	5,942,049	3,155,351	(2,786,698)	-46.90%
3101	Governor's Office	45,247	10,299,338	92,180	91,980	10,344,585	184,160	(10,160,425)	-98.22%
3401	State Auditor's Office	4,402,828	5,027,115	8,071,555	15,279,208	9,429,943	23,350,763	13,920,820	147.62%
3501	Office Of Public Instruction	943,936	948,016	971,066	976,344	1,891,952	1,947,410	55,458	2.93%
4107	Crime Control Division	0	0	93,483	93,483	0	186,966	186,966	
4110	Department Of Justice	27,843,614	34,941,053	35,166,874	31,211,742	62,784,667	66,378,616	3,593,949	5.72%
4201	Public Service Regulation	2,669,538	3,246,224	2,940,209	2,983,707	5,915,762	5,923,916	8,154	0.14%
5101	Board Of Public Education	152,785	191,300	199,889	203,223	344,085	403,112	59,027	17.15%
5102	Commissioner Of Higher Education	13,101,000	13,228,999	14,410,698	14,659,038	26,329,999	29,069,736	2,739,737	10.41%
5113	School For The Deaf & Blind	341,095	342,082	282,752	282,752	683,177	565,504	(117,673)	-17.22%
5114	Montana Arts Council	158,801	156,225	185,086	193,284	315,026	378,370	63,344	20.11%
5115	Montana State Library	1,020,396	1,020,824	1,081,518	1,082,210	2,041,220	2,163,728	122,508	6.00%
5117	Montana Historical Society	517,318	551,581	150,654	170,162	1,068,899	320,816	(748,083)	-69.99%
5201	Department Of Fish, Wildlife & Parks	37,449,204	39,947,154	43,222,001	44,511,299	77,396,358	87,733,300	10,336,942	13.36%
5301	Department Of Environmental Quality	17,829,392	47,871,613	30,281,909	20,870,877	65,701,005	51,152,786	(14,548,219)	-22.14%
5401	Department Of Transportation	237,162,066	257,795,421	241,412,637	245,543,065	494,957,487	486,955,702	(8,001,785)	-1.62%
5603	Department Of Livestock	5,627,536	7,189,943	6,247,108	6,511,581	12,817,479	12,758,689	(58,790)	-0.46%
5706	Dept Of Natural Resources & Conservation	16,489,400	17,643,761	23,162,283	23,480,340	34,133,161	46,642,623	12,509,462	36.65%
5801	Department Of Revenue	549,014	553,163	625,818	642,827	1,102,177	1,268,645	166,468	15.10%
6101	Department Of Administration	3,312,150	4,074,101	5,186,865	5,413,616	7,386,251	10,600,481	3,214,230	43.52%
6106	Mt Consensus Council	239,800	273,341	252,407	259,655	513,141	512,062	(1,079)	-0.21%
6201	Department Of Agriculture	7,578,716	8,795,144	9,583,074	9,759,954	16,373,860	19,343,028	2,969,168	18.13%
6401	Department Of Corrections	2,084,959	2,602,923	2,723,117	2,715,268	4,687,882	5,438,385	750,503	16.01%
6501	Department Of Commerce	1,622,888	2,902,659	3,676,560	2,004,730	4,525,547	5,681,290	1,155,743	25.54%
6602	Department Of Labor & Industry	24,912,507	26,686,355	30,490,387	31,611,701	51,598,862	62,102,088	10,503,226	20.36%
6701	Department Of Military Affairs	542,203	1,300,645	1,089,160	1,093,765	1,842,848	2,182,925	340,077	18.45%
6901	Dept Of Public Health & Human Services	<u>36,553,605</u>	<u>49,641,208</u>	<u>89,115,514</u>	<u>88,885,140</u>	<u>86,194,813</u>	<u>178,000,654</u>	<u>91,805,841</u>	<u>106.51%</u>
Total		\$448,917,443	\$544,108,685	\$556,070,925	\$555,369,722	\$993,026,128	\$1,111,440,647	\$118,414,519	11.92%

FEDERAL SPECIAL REVENUE

As defined in 17-2-102, MCA, the federal special fund “consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government.”

Federal revenue increases by \$369.6 million, or 12.8 percent. As shown in the table, the increase is spread throughout state government, but the Department of Public Health and Human Services receives almost \$306 million, or over 82 percent of the increase. The major factors causing the increase in federal funds are:

- Caseload growth, service utilization, and inflation, particularly in Medicaid, food stamps, childcare, and TANF
- Provider rate increases (including an expansion in voluntary hospital and nursing home bed tax assessments used to match federal funds) and direct care worker wage increases
- Service expansions, in large part through Medicaid redesign
- New or expanded categorical grants

These increases are partially offset by a reduction in the federal Medicaid participation rate. Within other agencies of state government, increases in federal funds are due to:

- Increased activity and/or grant awards in several agencies, most notably the Office of Public Instruction and environmental/wildlife agencies
- Addition of authority to implement the Help America Vote Act in the Secretary of State's Office
- Increased student loan volume in the Montana University System

Figure 7
Federal Special Revenue Fund Comparison
05 Biennium Versus Legislative Budget 07 Biennium

Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2004	Adjusted Authorized Fiscal 2005	Total Leg. Budget Fiscal 2006	Total Leg. Budget Fiscal 2007	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 07 Biennium - 05 Biennium	% Change 05 Biennium
2110	Judicial Branch	\$136,150	\$209,161	\$694,543	\$697,592	\$345,311	\$1,392,135	\$1,046,824	303.15%
3101	Governor's Office	110,377	2,110,922	20,458	21,202	2,221,299	41,660	(2,179,639)	-98.12%
3201	Secretary Of State's Office	0	0	5,469,529	5,556,936	0	11,026,465	11,026,465	
3401	State Auditor's Office	0	0	0	0	0	0	0	
3501	Office Of Public Instruction	128,186,361	150,109,721	145,551,937	152,956,922	278,296,082	298,508,859	20,212,777	7.26%
4107	Crime Control Division	8,896,110	15,412,436	13,598,095	13,611,023	24,308,546	27,209,118	2,900,572	11.93%
4110	Department Of Justice	2,786,344	3,247,260	2,588,366	1,950,675	6,033,604	4,539,041	(1,494,563)	-24.77%
4201	Public Service Regulation	13,732	13,980	14,400	15,446	27,712	29,846	2,134	7.70%
5101	Board Of Public Education	0	0	0	0	0	0	0	
5102	Commissioner Of Higher Education	33,020,086	54,168,298	44,850,080	47,138,319	87,188,384	91,988,399	4,800,015	5.51%
5113	School For The Deaf & Blind	96,696	96,696	102,865	102,865	193,392	205,730	12,338	6.38%
5114	Montana Arts Council	579,984	621,587	621,802	628,210	1,201,571	1,250,012	48,441	4.03%
5115	Montana State Library	757,888	1,253,505	1,180,694	780,694	2,011,393	1,961,388	(50,005)	-2.49%
5117	Montana Historical Society	720,896	755,849	795,158	800,226	1,476,745	1,595,384	118,639	8.03%
5201	Department Of Fish, Wildlife & Parks	14,941,052	15,456,384	21,870,835	19,009,402	30,397,436	40,880,237	10,482,801	34.49%
5301	Department Of Environmental Quality	20,460,991	22,376,065	30,839,375	27,104,708	42,837,056	57,944,083	15,107,027	35.27%
5401	Department Of Transportation	253,567,401	384,540,233	316,040,598	314,552,095	638,107,634	630,592,693	(7,514,941)	-1.18%
5603	Department Of Livestock	1,277,919	1,598,820	1,505,073	1,537,224	2,876,739	3,042,297	165,558	5.76%
5706	Dept Of Natural Resources & Conservation	1,764,840	1,863,030	2,012,396	2,065,958	3,627,870	4,078,354	450,484	12.42%
5801	Department Of Revenue	2,362,285	2,184,473	302,781	313,092	4,546,758	615,873	(3,930,885)	-86.45%
6101	Department Of Administration	1,049,961	1,966,933	1,546,361	1,554,956	3,016,894	3,101,317	84,423	2.80%
6201	Department Of Agriculture	827,084	3,312,907	5,101,994	1,525,445	4,139,991	6,627,439	2,487,448	60.08%
6401	Department Of Corrections	228,677	497,053	554,852	554,852	725,730	1,109,704	383,974	52.91%
6501	Department Of Commerce	16,498,731	13,933,825	18,313,873	18,371,660	30,432,556	36,685,533	6,252,977	20.55%
6602	Department Of Labor & Industry	33,982,053	38,253,265	36,716,744	37,004,477	72,235,318	73,721,221	1,485,903	2.06%
6701	Department Of Military Affairs	10,346,421	13,147,135	12,489,387	12,753,527	23,493,556	25,242,914	1,749,358	7.45%
6901	Dept Of Public Health & Human Services	<u>782,469,861</u>	<u>845,624,148</u>	<u>942,440,260</u>	<u>991,637,906</u>	<u>1,628,094,009</u>	<u>1,934,078,166</u>	<u>305,984,157</u>	<u>18.79%</u>
Total		\$1,315,081,900	\$1,572,753,686	\$1,605,222,456	\$1,652,245,412	\$2,887,835,586	\$3,257,467,868	\$369,632,282	12.80%

PROPRIETARY FUNDS

As defined in 17-2-102, MCA, proprietary funds are designated as either enterprise or internal service funds. Enterprise funds “account for operations: (a) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs (i.e. expenses, including depreciation) of providing goods or services to that general public on a continuing basis are to be financed or recovered primarily through user charges; or (b) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.” Internal service funds “account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost reimbursed basis.”

Statute does not require that most proprietary funds be appropriated. Therefore, any increases in the programs supported with these proprietary funds are not reflected in the table.

Proprietary funds show an overall increase of \$0.9 million, or 3.4 percent, mainly due to the addition of funds for completion of a gambling automated accounting and reporting system.

Figure 8 Proprietary Fund Comparison 05 Biennium Versus Legislative Budget 07 Biennium									
Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2004	Adjusted Authorized Fiscal 2005	Total Leg. Budget Fiscal 2006	Total Leg. Budget Fiscal 2007	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 07 Biennium - 05 Biennium	% Change 05 Biennium 07 Biennium
4110	Department of Justice	\$810,037	\$821,848	\$1,663,702	\$1,470,631	\$1,631,885	\$3,134,333	\$1,502,448	92.07%
5117	Historical Society	828,812	875,378	971,491	983,298	1,704,190	1,954,789	250,599	14.70%
5801	Department of Revenue	2,003,783	1,983,452	2,160,366	2,232,182	3,987,235	4,392,548	405,313	10.17%
6101	Department of Administration	8,404,704	7,420,334	7,545,111	7,609,902	15,825,038	15,155,013	(670,025)	-4.23%
6201	MT Dept of Agriculture	285,518	328,770	377,677	396,628	614,288	774,305	160,017	26.05%
6401	Dept of Corrections	462,573	549,311	492,617	494,243	1,011,884	986,860	(25,024)	-2.47%
6602	Labor & Industry	<u>61,045</u>	<u>864,255</u>	<u>82,127</u>	<u>84,254</u>	<u>925,300</u>	<u>166,381</u>	<u>(758,919)</u>	<u>-82.02%</u>
Total		\$12,856,472	\$12,843,348	\$13,293,091	\$13,271,138	\$25,699,820	\$26,564,229	\$864,409	3.36%

ALL FUNDS

The final comparison table is a composite by agency of the preceding tables, and shows an increase of \$831.6 million, or 13.4 percent.

Figure 9 All Funds Comparison 05 Biennium Versus Legislative Budget 07 Biennium									
Agcy Code	Agency Name	Adjusted Expenditures Fiscal 2004	Adjusted Authorized Fiscal 2005	Total Leg. Budget Fiscal 2006	Total Leg. Budget Fiscal 2007	Total Adjusted Fiscal 04-05	Total Leg. Budget Fiscal 06-07	Difference 07 Biennium - 05 Biennium	% Change 05 Biennium
1104	Legislative Branch	\$9,146,661	\$11,017,674	\$10,782,438	\$10,590,354	\$20,164,335	\$21,372,792	\$1,208,457	5.99%
1112	Consumer Council	1,297,083	1,348,733	1,422,501	1,451,004	2,645,816	2,873,505	227,689	8.61%
2110	Judicial Branch	33,546,314	31,282,359	40,900,227	32,867,029	64,828,673	73,767,256	8,938,583	13.79%
3101	Governor's Office	4,382,294	17,001,602	5,799,705	5,868,940	21,383,896	11,668,645	(9,715,251)	-45.43%
3201	Secretary Of State's Office	0	0	5,469,529	5,556,936	0	11,026,465	11,026,465	
3202	Commissioner Of Political Practices	309,317	323,573	369,748	368,159	632,890	737,907	105,017	16.59%
3401	State Auditor's Office	4,402,828	5,027,115	8,071,555	15,279,208	9,429,943	23,350,763	13,920,820	147.62%
3501	Office Of Public Instruction	643,215,358	665,950,180	702,574,052	713,342,872	1,309,165,538	1,415,916,924	106,751,386	8.15%
4107	Crime Control Division	10,519,862	17,063,171	15,431,758	15,473,232	27,583,033	30,904,990	3,321,957	12.04%
4110	Department Of Justice	49,939,001	57,980,839	61,688,475	57,113,645	107,919,840	118,802,120	10,882,280	10.08%
4201	Public Service Regulation	2,683,270	3,260,204	2,954,609	2,999,153	5,943,474	5,953,762	10,288	0.17%
5101	Board Of Public Education	294,094	355,281	370,526	377,097	649,375	747,623	98,248	15.13%
5102	Commissioner Of Higher Education	186,899,789	204,604,598	214,101,141	221,272,069	391,504,387	435,373,210	43,868,823	11.21%
5113	School For The Deaf & Blind	3,846,684	3,946,566	4,870,952	5,016,788	7,793,250	9,887,740	2,094,490	26.88%
5114	Montana Arts Council	1,025,035	1,068,166	1,317,481	1,212,460	2,093,201	2,529,941	436,740	20.86%
5115	Montana State Library	3,276,090	3,990,958	4,148,449	3,524,289	7,267,048	7,672,738	405,690	5.58%
5117	Montana Historical Society	3,782,444	3,949,088	4,022,191	4,044,606	7,731,532	8,066,797	335,265	4.34%
5201	Department Of Fish, Wildlife & Parks	52,390,256	55,403,538	65,092,836	63,520,701	107,793,794	128,613,537	20,819,743	19.31%
5301	Department Of Environmental Quality	41,344,127	73,411,234	65,422,723	52,365,991	114,755,361	117,788,714	3,033,353	2.64%
5401	Department Of Transportation	490,729,467	642,335,654	557,453,235	560,095,160	1,133,065,121	1,117,548,395	(15,516,726)	-1.37%
5603	Department Of Livestock	7,426,758	9,321,723	8,361,008	8,676,154	16,748,481	17,037,162	288,681	1.72%
5706	Dept Of Natural Resources & Conservation	35,079,769	37,001,514	44,809,035	45,633,020	72,081,283	90,442,055	18,360,772	25.47%
5801	Department Of Revenue	34,194,441	31,790,708	42,548,750	41,510,059	65,985,149	84,058,809	18,073,660	27.39%
6101	Department Of Administration	16,640,915	17,530,098	22,223,624	19,139,545	34,171,013	41,363,169	7,192,156	21.05%
6102	Appellate Defender	186,615	186,847	216,959	0	373,462	216,959	(156,503)	-41.91%
6106	Mt Consensus Council	239,800	273,341	321,447	328,484	513,141	649,931	136,790	26.66%
6108	Office Of The Public Defender	0	0	527,729	14,134,117	0	14,661,846	14,661,846	
6201	Department Of Agriculture	9,289,453	13,065,052	15,916,800	12,390,468	22,354,505	28,307,268	5,952,763	26.63%
6401	Department Of Corrections	106,795,496	110,277,987	123,750,315	128,478,432	217,073,483	252,228,747	35,155,264	16.20%
6501	Department Of Commerce	19,686,930	18,420,509	25,955,220	24,401,730	38,107,439	50,356,950	12,249,511	32.14%
6602	Department Of Labor & Industry	60,111,130	67,002,282	68,931,349	70,409,034	127,113,412	139,340,383	12,226,971	9.62%
6701	Department Of Military Affairs	15,000,182	18,642,552	18,372,897	18,663,865	33,642,734	37,036,762	3,394,028	10.09%
6901	Dept Of Public Health & Human Services	<u>1,067,472,055</u>	<u>1,167,327,966</u>	<u>1,342,254,113</u>	<u>1,394,378,692</u>	<u>2,234,800,021</u>	<u>2,736,632,805</u>	<u>501,832,784</u>	<u>22.46%</u>
Total		\$2,915,153,518	\$3,290,161,112	\$3,486,453,377	\$3,550,483,293	\$6,205,314,630	\$7,036,936,670	\$831,622,040	13.40%

